

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 106
TUESDAY, MAY 7, 2002
9 A.M.**

Commissioners Present: Bob Workman, Chair
Bernie Heier, Vice Chair
Kathy Campbell
Larry Hudkins
Ray Stevens

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
Dave Kroeker, Budget and Fiscal Officer
Gordon Kissel, Legislative Consultant
Amy Prenda, Director of Legal Research and Analysis for
Kissel/E&S Associates
Bruce Bohrer, Chamber of Commerce
Bruce Medcalf, County Clerk
Trish Owen, Deputy County Clerk
Ann Taylor, County Clerk's Office

The Staff Meeting was called to order at 9:03 a.m.

AGENDA ITEM

1 APPROVAL OF STAFF MEETING MINUTES OF THURSDAY, MAY 2, 2002

MOTION: Hudkins moved and Stevens seconded approval of the Staff Meeting minutes of May 2, 2002. Campbell, Workman, Heier, Stevens and Hudkins voted aye. Motion carried.

2 ADDITIONS TO THE AGENDA

A. Meeting with Mayor Wesely

MOTION: Campbell moved and Stevens seconded approval of the addition to the agenda. Campbell, Hudkins, Stevens, Heier and Workman voted aye. Motion carried.
ADDITIONS TO THE AGENDA

A. Meeting with Mayor Wesely

Heier asked whether appointments to the Planning Commission had been discussed.

Workman said there is a "gentlemen's agreement" that the County will be involved in the appointment process.

Hudkins noted that the Board had asked to have an appointment to that body.

Board consensus was to review the Board's letter to the Mayor regarding appointments to the Planning Commission and his written response.

Hudkins voiced concern that the Board did not receive notice of the Board of Health appointments before they were scheduled on the County Board of Commissioners Meeting agenda for approval.

Eagan suggested that the County Clerk's Office "flag" the appointments in the future and forward them to the Board for review.

3 BUDGET PLANNING FOR FISCAL YEAR 2002-2003 - Dave Kroeker, Budget and Fiscal Officer

Dave Kroeker, Budget and Fiscal Officer, reviewed the following (Exhibit A):

* *Fiscal Year (FY) 2003 Valuations & Tax Rates*

Kroeker reported \$14,558,976 of unused budget authority carry forward from last year. He noted that the County Assessor's Office has predicted a 3.5% increase in value and said if the rate of 0.2583 remains the same, there will be \$1,141,032 in new revenue (tax dollars). Each penny of tax will raise \$1,306,280 (based on a 3.5% increase in value).

* *Lancaster County, LC-3 Supporting Schedule, Calculation of Restricted Funds*

Kroeker said restricted funds total \$37,984,131. He said if growth is 3.5%, there will be \$1,329,445 of new money. Growth last year was 4.04%.

* *Lancaster County, Change in Taxable Assessed Valuation, Last Ten Years*

* *Lancaster County, Historical Valuations and Levies*

Hudkins said valuation and new growth are critical factors and said filings in the Register of Deeds Office reflect new growth.

Kroeker reviewed *Special Session /Legislative Session, Impact to Lancaster County* (Exhibit B). He reported a \$1,443,373 loss to the County for the 2001 Special Session and 2002 Legislative Session and said the reduction in state aid will shift approximately \$300,000 to property taxes.

Kroeker reviewed the following (Exhibit C):

* *Lancaster County, Comparison FY03 to FY02 Expense Budget*

Kroeker reported a 10.51% increase in General Fund Operating, 13.71% increase in Total Operating and 6.19% increase in Other Budgets.

* *Lancaster County, Comparison FY03 to FY02 Revenue Budget*

Kroeker reported a \$203,897 increase in General Fund Operating (1.37% increase).

In response to a question from Campbell, Kroeker said the increase for the Public Defender (625) is largely attributable to projected reimbursement of indigent defense costs.

Eagan said the County will be eligible for this reimbursement if it adopts Indigent Defense Standards (still being developed).

Hudkins said the Nebraska Legislature may decide to cut this funding if a Special Session is called.

Eagan said there will be associated costs, particularly in the area of reimbursement for appointed felony counsel.

Workman noted the \$410,000 reduction in County Treasurer (603) from the loss of interest income.

Kroeker explained that the impact will be approximately \$1 million because the County will be short at least \$500,000 this year.

In response to a question from Heier, Kroeker explained that the increase for Election Commissioner (607) reflects the election cycle.

* *Lancaster County, Property Tax Funded Budgets, FY03 Requested Budget Compared to FY02 Adopted*

Kroeker said the Community Mental Health Center (CMHC) is projecting a revenue shortfall of \$200,000.

* *FY02 Group Insurance Comparison*

Kroeker said an increase of \$1,661,414 (31.08%) is projected. He said a 15% increase in health insurance is projected for 2003, based on utilization of the plan, and said \$600,000 will need to be set aside in the Contingency Fund for the seven month period (deduction for January, 2003 takes place in December, 2002).

* *Lancaster County, Employees By Agency, Last 5 Years*

Kroeker noted an increase of 41 Full Time Equivalent (FTE's).

Hudkins noted 15 additional FTE's are indicated for Families First & Foremost (F³) and said he believes these individuals should be independent contractors, rather than employees.

In response to a question from Workman, Kroeker said the increase in Juvenile Detention FTE's is the result of opening the new Lancaster County Juvenile Detention Center.

Eagan said a portion of this cost will be recovered by billing other counties that utilize the facility.

* *Lancaster County, Building Fund Budget*

Kroeker said there will be \$550,000 remaining from the building fund levy that can be used to buy down the debt on the Lancaster County Juvenile Detention Center.

Heier asked whether those funds could be used for future expansion.

Kroeker said yes, noting a garage to serve as a shop and to store equipment for the facility has been suggested.

Hudkins noted that Lancaster Manor also has shop/storage space needs.

Discussion took place on future use of Trabert Hall and the 10 Year Master Plan for the County-City Building with a suggestion from Heier that the County consider purchasing the Old Federal Building from the City and rehabilitating it to serve County needs.

Kroeker said \$500,000 is budgeted for a vehicle storage building.

Hudkins said the City is assessing property owned by the Lincoln Airport Authority in addition to the Nash Finch Building, 800 Cattail Road, to see whether either property could serve vehicle storage needs. He suggested that the County reassess whether its vehicle storage needs could be served at the County Engineering facility on Cherrycreek Road.

* *Lancaster County, Request for Capital Outlay, 2003 Budget*

Kroeker said these items are included in the Building Fund.

* *Lancaster County, Inheritance Tax Collections*

Kroeker reported average collections of \$315,000, per month.

* *Lancaster County, Register of Deeds Fees*

Kroeker said \$2 million in fees are projected.

* *Interest Income Comparison, Lancaster County*

Kroeker said a \$500,000 shortfall is projected.

* *Lancaster County, Year End Fund Balances From Budgets*

Kroeker said the fund balance at year end was \$21,498,500.

* *Keno Fund, FY02 Adopted Budget*

Kroeker suggested budgeting \$200,000 for Health Insurance Portability and Accountability Act (HIPAA) compliance.

Heier suggested that funds be budgeted for signage related to the Rural Addressing Project.

Board consensus to seek a County Attorney's opinion regarding whether the County can require the signage. An estimate of costs and City signage requirements were also requested.

* *Lancaster County, Keno Collections*

Kroeker reported an increase in collections.

* *General Fund Miscellaneous, General Government*

Kroeker noted that Transfer to the Bridge and Road Fund is an estimate.

In response to a question from Workman, Kroeker said it may be appropriate to take the County's share of the cost of the Administrative Assistant to the Mayor/Economic Development position out of the Economic Development Fund.

* *General Fund Miscellaneous, Justice System*

Kroeker said Kit Boesch, Human Services Administrator, has recommended that \$250,000 be budgeted initially for Adult Alternatives Programs. He said \$35,000 has been budgeted for the Adult Alternatives Contract.

* *General Fund Miscellaneous, Health & Human Services*

Kroeker said the estimates will be adjusted once the Joint Budget Committee (JBC) submits its recommendations.

Kroeker said taxes will need to be increased approximately two cents, per \$100 of value, to fund the requests, assuming an increase in valuation of 3.5%.

Heier noted that there is potential for additional legislative cuts.

Campbell said taxpayers have already been impacted by sales tax and income tax increases and will not want to see an increase in property taxes. She proposed that a letter be sent to county departments informing them that a Special Session of the Nebraska Legislature may be called and that the Board will need to set aside contingency funds. Campbell said departments should anticipate that there will be reductions in the budget and be encouraged "to do business differently and to think outside the box".

Hudkins said he believes that cash reserves also need to be increased.

Stevens suggested that the Board proceed with the budget process, grant 98% of the amount that it believes is justified in the departmental budgets and set aside the remaining 2% as contingency. He said these funds could be reallocated later in the year, based upon perceived need and the status of legislation.

Hudkins noted that not all agencies have the same needs.

Stevens said the Board could reallocate the contingency funds as it sees fit, noting the reallocation may not be equitable.

Kroeker said reductions may need to be in the area of personnel, as other areas are budgeted "pretty tight".

The Board asked Kroeker to draft the letter and asked him to include the following statement from the May 2, 2002 legislative update from Gordon Kissel, Legislative Consultant:

The 2002 Session of the Nebraska Legislature ended on April 19th. It was a very difficult session for a number of reasons, not the least of which was the budget battles. The Legislature had to deal with a \$400 million deficit. They did achieve a balanced budget by reducing state expenditures and transferring from cash funds a total of \$260 million. The increase in the sales tax, income tax and the cigarette tax will generate about \$140 million. If cash receipts continue to decline, we can expect an estimated deficit of about \$300 million for next session. The cash fund transfers were a one time solution and will not be used again so the reductions in the state's budget will be much more severe.

4 ADJOURNMENT

MOTION: Heier moved and Campbell seconded to adjourn the meeting at 11:20 a.m. Hudkins, Stevens, Campbell, Heier and Workman voted aye. Motion carried.

Bruce Medcalf
County Clerk